

OFFICE OF THE COMPTROLLER

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I. INTRODUCTION

A. The Problem of Fiscal Management

1. Responsibility for sound fiscal management is not limited to the Comptroller and the Finance Officers in other components, but is a command responsibility extending to all echelons of the Agency. Accordingly, Regulation 30-110 provides that "The obligation, expenditure, and administration of funds is an inherent responsibility of command."

2. No system of technical controls will ensure sound fiscal management. This is particularly true in CIA because of its extraordinary grant of unvouchered funds and because the accomplishment of its mission precludes the use of many normal fiscal controls. Consequently, there are two basic prerequisites to adequate fiscal management in the Agency: (a) enforcement of clear-cut responsibility for expenditures, and (b) a highly developed sense of fiscal responsibility, particularly by supervisory personnel.

B. Scope and Objective of Survey

1. This survey has not encompassed all aspects of fiscal management throughout the Agency, but has been confined to a comprehensive inspection of the Office of the Comptroller and a limited inspection of other components and activities in Headquarters and in the field.

2. Within this scope, the purpose of this survey has been to determine whether CIA is exercising sound fiscal management consistent with the requirements of security, flexibility, aggressiveness, and diversity of approach in operations and other intelligence activities.

II. CONCLUSIONS*

1. In general, the Office of the Comptroller is performing its operating functions capably and should be commended for the continuing progress in carrying out these responsibilities so efficiently.

2. The staff functions of the Comptroller are a critical phase of Agency fiscal management, and a strong and aggressive Comptrollership is mandatory. The establishment of such Comptrollership is being retarded by a number of factors: (a) senior officials have not exercised sufficiently determined leadership in developing sound fiscal management; (b) too often supervisors have not enforced the clear-cut responsibilities for expenditures set forth in Agency regulations; (c) operating components have neither fully accepted nor effectively used fiscal management as an integral part of their machinery for controlling and directing their activities; (d) a sizeable portion of the funds expended for clandestine activities has been exempted from adequate control; and (e) the Office of the Comptroller has not been sufficiently aggressive in recommending policies and procedures for better control of funds and in initiating effective action to expose and correct situations where fiscal management is inadequate.

25X1A 3. The files of the Comptroller's Office reveal that the Director authorized the disbursement of [REDACTED] during FY-1954 with blanket waivers of all fiscal controls normally exercised by the Comptroller. Such waivers are prima facie evidence of a belief that normal Agency standards, procedures, and security are inadequate to meet the requirements of certain sensitive covert projects. These waivers, even though approved by the Director, expose him, the Agency, and private individuals to charges of fiscal irresponsibility.

25X1A 4. One of the most critical factors in Agency fiscal management is the control of advances. As of 30 June 1954 there was a total of [REDACTED] in 25X1A outstanding advances to 180 subsidies and other projects. Out of the 180 accounts, 25X1A 137 were delinquent in the amount of [REDACTED]. One group of 60 accounts has been delinquent since before 31 December 1953 in the amount of [REDACTED]. As 25X1A of the 30 June 1954 date there were also 2,812 outstanding advances made to 25X1A Agency personnel totalling [REDACTED]. At the time of this survey it was impossible to determine the extent of delinquencies of these accounts inasmuch as this could be done only by a time-consuming analysis of each individual account.

25X1A 5. The Industrial Contract Audit Branch is responsible for conducting audits with respect to negotiation and settlement of procurement contracts made between this Agency and private firms. By careful analysis this Branch saved the Agency [REDACTED] during FY-1954. There are contracts, however, which the Director has exempted from internal audit. This is an unwise practice and places the Director and the Agency in an unnecessarily vulnerable position.

6. Throughout the Office of the Comptroller there has been insufficient utilization of statistical and financial program analysis as a means of drawing attention of senior officials to improper fiscal management. While

*A recommendation corresponding to a conclusion bears the same numerical listing.

this survey did not include a determination of program analysis throughout the Agency, there is evidence, nevertheless, that its full potential is not being exploited, particularly with respect to the integration of statistical and financial analyses with substantive and operational analyses of the Agency's activities. Such integration is essential to the effective utilization of Agency funds.

7. The importance of fiscal management of special projects is indicated by the fact that as of 30 June 1954 there were 64 proprietary accounts representing an investment of [REDACTED] and 77 subsidy projects for which the Agency has authorized total expenditures of [REDACTED]. Such management is inadequate as evidenced by the following deficiencies:

b. Administrative Plans still tend to prescribe only minimal standards and are not kept current with changes in operational circumstances.

c. In some cases the Comptroller's Office has been prevented by the operating components from establishing adequate internal controls in such projects.

f. Internal Agency controls are not sufficiently effective to ensure that funds transferred to outside organizations will be utilized properly.

8. There must be thorough and critical substantive, operational and administrative review of budget requests through command channels. At present, budget review is treated too much as an administrative matter and too little as a command responsibility. Further, review and approval of budget estimates are not necessarily accompanied by a critical appraisal of the continuing worth of all functions and activities.

9. The major budgetary problem is the coordination or integration of planning and programming with budget formulation and execution. An authoritative and comprehensive effort should be made to expedite the solution of this problem in order to improve the quality of Agency budget estimates and meet the desire of the Bureau of the Budget that the Agency make faster progress in program budgeting.

10. The Bureau of the Budget has agreed that unobligated balances of the contingency reserve can be carried over as "no year" funds. Nevertheless, the Agency's annual regular funds are still subject to the limitation that they must be obligated in the fiscal year for which they are appropriated. This limitation is not compatible with clandestine activities and is causing the Agency a hardship.

11. Sound budget administration requires that policies and procedures for budget formulation and execution should be reduced to standard instructions in the form of a budget manual. The Agency is in dire need of a budget manual to correct the almost complete lack of adequate regulations or other issuances concerning budgeting. The fact that program budgeting is still in the evolutionary stage in CIA is not a valid reason for failing to produce a budget manual inasmuch as many important phases of budgeting do not necessarily change with conversion from the traditional object class budget to a program budget.

12. The present system of budget execution is too loose. Opportunity exists for using funds for purposes for which they were not originally approved and without the knowledge of the approving authority.

13. There is a lack of necessary independent control to insure that funds for equipment to be procured by Logistics for DD/P projects, stations, and divisions are used only for the purposes for which budgeted or otherwise approved.

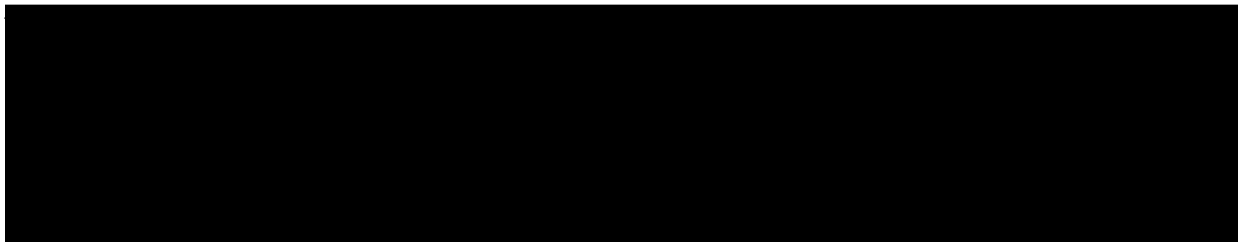
14. Because of the practice of approving FI projects on a calendar year basis, there is little assurance that the amounts actually allocated for a project for the two fiscal years which overlap the project year do not exceed the total authorized for the project.

15. Present procedure appears to place the Director in a relatively weak position in discussing the budget ceiling with the Bureau of the Budget inasmuch as the Comptroller does not hold hearings on the preliminary estimates until after the Bureau of the Budget has established the budget ceiling.

16. At most of the installations inspected case officers are able to obligate and/or expend funds without due regard for the limitations of allotments. These officers too often appear to be uninformed on the action to be taken when available funds are inadequate. Many of the finance problems in the field spring from ignorance of regulations and lack of knowledge of proper fiscal procedure.

17. Administrative Plans and project outlines for FI, PP, and PM projects indicate the amounts approved for the various aspects of a project. A number of field stations visited during this survey had not been furnished with copies of pertinent administrative plans and project outlines. To the extent that such plans and outlines are not made available to the field the entire project approval system and the requirements of CFR 9.4 for administrative plans become almost worthless as mechanisms for both operational and fiscal management. The failure to make these documents available to the field is due to the combination of poor administration and mis-application of the "need to know" doctrine.

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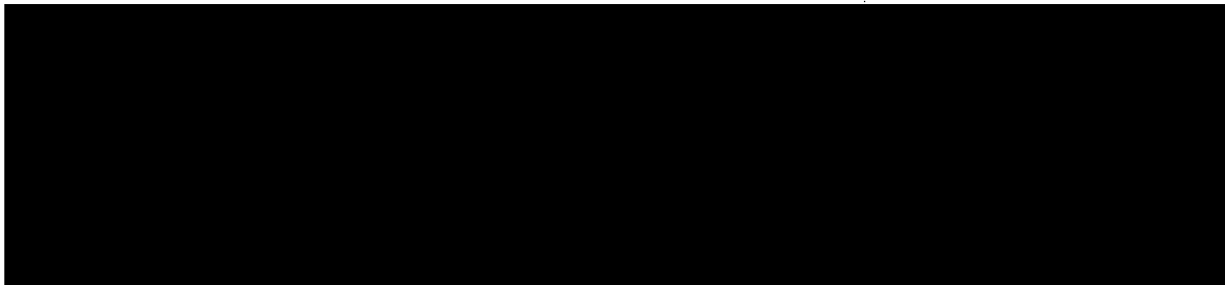
19. The new world-wide allotment control procedure, as well as budget requirements, **has** increased the workload on field stations, but little adjustment has been made in the number of personnel authorized for finance activities. In May 1954 the Senior Representative, North Asia, forwarded to Headquarters recommendations designed to correct obvious inconsistencies in existing station T/O's, including finance personnel, but, with the exception of the approval of the [REDACTED] Mission T/O, no word had been received as of late August concerning Headquarters action.

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20. In general, there has been little effective field participation in budget formulation. The extent of field participation as directed by Headquarters has varied among the Area Divisions and has generally been limited to providing supporting data. The personal responsibility of the Director for proper expenditure of confidential funds dictates that field installations prepare detailed estimates for both annual and operating budgets with supporting justification for personnel, equipment, and funds, and that they be given sufficient time for the task.

21. Covert agents are permitted to depart for their foreign posts without a comprehensive financial briefing. Misunderstandings occur and cause inaccurate payments which create morale problems, reflect on the efficiency of the Agency, and present security hazards. The principal reasons for the lack of adequate financial briefings are: (a) the constant changeover of Headquarters case officers who are not qualified in finance matters, and (b) the by-passing of the Office of the Comptroller for alleged security reasons, whereby case officers consider it inadvisable to disclose the identity of some agents.

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23. Headquarters has failed in many cases to forward travel data sheets to the field promptly, thereby creating undue delay in settling travel advances.

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25. This survey has confirmed a conclusion reached in a study completed by the DD/A in May 1954 that present cable and dispatch control procedures should be revised since they unnecessarily impede prompt and responsive communication with the field on fiscal matters which are the primary responsibility of the Comptroller. The basic cause of this situation is that direct contact between the Comptroller and the field on finance matters is prohibited except for communication on foreign exchange and funding activities.

26. Field finance officers have no assurance that they have all pertinent regulations and directives.

27. Personnel in the Office of the Comptroller, as well as finance officers overseas, show little knowledge of the career program or how the Comptroller's Career Service Board provides for the long-range development, rotation, and reassignment of "Budget-Finance" career personnel. At the time of this survey the Comptroller's Career Service Board was performing satisfactorily on plans for short-range assignments, but long-range planning, including training, advancement, and future position opportunities, was lacking.

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30. The Office of the Comptroller has insufficient information on foreign exchange rates, facilities, and monetary matters. This lack of intelligence is due to inadequate requirements and collection in the field.

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III. RECOMMENDATIONS

1. The DD/A should commend the Office of the Comptroller for the continuing progress in performing its operating functions more efficiently.

2. In order to establish a strong Comptrollership, the Director should impress upon the Chiefs of major components and offices their command responsibilities for developing, utilizing, and enforcing fiscal management. A directive should be sent to all Agency components and field stations emphasizing the need for additional improvement in control of Agency funds through: (a) enforcement of responsibilities for expenditures; (b) further development of a sense of fiscal responsibility, particularly by supervisory personnel, and (c) utilization of fiscal management as an integral part of the machinery for controlling and directing Agency activities. The DD/A should direct the Office of the Comptroller to be more aggressive in recommending policies and procedures for better control of funds and in initiating effective action to expose and correct situations when fiscal management is inadequate.

3. The DD/A and DD/P should appoint a joint committee charged with the responsibility for making a detailed study of the problems and requirements of projects which have been given blanket waivers and recommend to the Director a method for handling existing and future projects of this type.

4. Regulations and procedures governing the control of advances should be critically reviewed and revised by the Comptroller to provide that if an account remains delinquent for a period of three months the matter should be brought to the attention of the DD/A for immediate action and a copy sent to the DCI. The Director should place on the agenda of his Staff Meetings, at least quarterly, the subject of delinquencies in advances, and the Deputy Directors and others responsible directly to the DCI should be required to report to him what action has been taken and what accomplishments have been attained.

5. The DCI should not exempt procurement contracts between CIA and private firms from Agency administrative audit. Such audits protect him and the Agency from criticism by Congress or an investigating committee. A regulation should be drafted establishing a firm charter for the audit of all contracts between the Agency and private organizations.

6. Provision should be made for the integration of statistical and financial analyses with substantive and operational analyses of the Agency's activities. The Director should establish a committee composed of representatives of the DD/A, DD/I, and DD/P, and chaired by the Special Assistant to the Director for Planning and Coordination, to submit recommendations for maximum profitable utilization of program analysis throughout the Agency.

7. In order to provide more adequate fiscal control over special projects, the following action should be taken:

a. Confidential Funds Regulation 9.4 should be revised by the DD/A to delineate the responsibilities of the Comptroller with respect to the drafting and implementation of administrative plans and to require that: (1) the Comptroller will develop and install accounting systems in all special projects;

(2) wherever feasible the Comptroller will develop business type budgets for outside organizations; (3) Administrative Plans will require detailed accountings, instead of merely receipts, stating the manner in which Agency funds have been spent; and (4) consistent with security and operational requirements, a trained fiscal officer, recommended by the Comptroller will be assigned to each special project.

b. The Comptroller should be directed by the DD/A to suspend payments to special projects until receipt of a certificate jointly executed by the Division Approving Officer and the responsible operations officer attesting that the former has: (1) approved all expenditures; (2) reviewed the financial reports submitted by the case officer; (3) reviewed and approved a monthly report of accomplishment; (4) notified the Comptroller of changes, if any, in the provisions of the basic plan; and (5) indicated that the continuation of the project is warranted.

c. The DD/A should authorize the Comptroller an increased ceiling of eight in the Proprietary Accounts Branch to include one GS-5, five GS-11's, one GS-12, and one GS-13.

d. The Comptroller should disseminate to the DD/P, DD/A, and the Deputy Director a summary of the quarterly reports on special projects which will call attention to delinquencies in fiscal control.

8. A Director's Budget Advisory Committee should be established and charged with reviewing all budget estimates and submitting recommendations to the Director for their approval or revision.^{1/} The committee should be under the chairmanship of the Deputy Director and composed of the DD/A, the DD/I, the DD/P, the Special Assistant to the Director for Planning and Coordination, and the Comptroller as secretary and advisor. The Comptroller should provide the statistical and fiscal data required for thorough review and should assess the financial feasibility of the budget requests.

9. Agency planning and programming, including program and project approval, should be surveyed to determine their adequacy for budgeting purposes, and a detailed program should be formulated for achieving coordination of budgeting, planning, and programming. Responsibility for the survey and program should be assigned to the Director's Budget Advisory Committee. (See Recommendation 6 above.)

10. The Comptroller should initiate, in coordination with the General Counsel, action necessary to eliminate the fiscal year limitation on Agency's regular funds.

11. As a matter of priority, the Comptroller should prepare a budget manual encompassing budget policies, procedures, and methods.

^{1/}See paragraph IV.B.4.h below for the reasons for not assigning this responsibility to the Project Review Committee.

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12. Operating budgets should be prepared in greater detail to indicate the breakdown by object class of each function and/or activity for which an allotment is established. In addition, the Comptroller should prepare a regulation stating that funds will be obligated and expended in close conformity with the operating budgets, administrative plans, and project outlines, and prescribing conditions and procedures under which deviations will be authorized.

13. The Allotment Advice issued by the Comptroller to Logistics should specify a limitation by dollars and type of equipment for each DD/P project, station, or division. The Chief of Logistics should establish a mechanism to ensure that requisitions which deviate from these limitations are not accepted.

14. The DD/P should be directed to establish a method of handling FI projects on a fiscal year basis, even if this involves giving field stations greater latitude with respect to the minute operations for which they must now seek Headquarters approval. The dollar limitation on each project should be included in the overall FI allotment to each field station.

15. Serious consideration should be given to the necessity for hearings on preliminary estimates before the Director discusses the budget ceiling with the Bureau of the Budget.

16. In order to provide more adequate control of expenditures in the field, the following action should be taken:

a. Quarterly, the Director should send a personal message to the Chief of each Station at which there has been loose or improper fiscal management, calling attention to the deficiencies and reminding all personnel at the Station of their responsibility for the proper handling of funds;

b. The DD/A should direct the Comptroller and the Auditor-in-Chief to determine those stations to which the messages should be sent and to prepare the necessary dispatches;

c. The Comptroller, in conjunction with the DD/P, should develop and install in Field Stations adequate internal procedures for governing the authorization to obligate and expend funds;

d. The Comptroller, in cooperation with the Director of Training, should prepare a handbook describing fiscal responsibilities and procedures briefly and in non-technical language, for use by case officers and agents;

e. The Comptroller and the DD/P Training Committee should place on the Office of Training specific requirements for expanding the instruction on fiscal subjects in the clandestine operations courses.

17. The DD/P should be directed to institute a system to ensure that field stations are furnished with copies of Administrative Plans and project outlines and should issue a field regulation prescribing that:

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a. The initial Allotment Advice and the approved project outline or administrative plan will be forwarded to the field as one package whenever possible;

b. That no allotments will be issued for more than 45 days without the availability to the field finance officer of a Headquarters approved administrative plan or project outline;

c. That copies of pertinent portions of annexes will be made available to field finance officers for retention.

18. As a safeguard against the mis-obligation of funds in the field, the DD/A and DD/P should be directed to institute a system to ensure prompt transmittal of Field Allotment Advices.

19. The DD/P should determine and correct deficiencies in the number of professional and clerical personnel authorized for finance activities at all stations.

20. The DD/P, with the assistance of the Comptroller, should issue budget calls to the field requiring submission of detailed estimates for annual and operating budgets and should allow sufficient time for the task to be accomplished. Senior representatives should conduct thorough program and budget reviews with their Chiefs of Station. In areas where senior representatives have not been appointed, Area Division Chiefs should be instructed by the DD/P to conduct such reviews at a central location in the field.

21. The DD/P and DD/A should issue a directive prohibiting the departure of covert agents for their foreign posts without a comprehensive financial briefing by a representative of the Office of the Comptroller.

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23. The DD/A should require the Comptroller to determine the reasons for, and the extent of delays in forwarding travel data sheets to overseas stations and to initiate corrective action.

24. To remedy the deficiency in the training of Administrative Assistants and others delegated to perform finance functions at field stations where full-time finance officers are not required, the DD/P should be directed to budget the training and processing time of such personnel to ensure at least four weeks training by the Office of the Comptroller.

25. In order to improve the present cable and dispatch control procedures which unnecessarily prevent prompt communications with the field on fiscal matters of primary concern to the Comptroller, the DD/P should issue a Clandestine Services Instruction by 1 December 1954, which will give the Comptroller "action" responsibility for "non-operational" communications on finance matters.

26. The Comptroller should furnish each field installation with a list of Agency and other issuances on finance matters and should keep the list current with quarterly supplements.

27. At least quarterly, the Comptroller should disseminate a report on the achievements of his Career Service Board to all "budget-finance" personnel at Headquarters and in the field. The Comptroller's Career Service Board should develop a long-range and flexible career plan to meet the capabilities of "budget-finance" career personnel.

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30. The Comptroller should ensure that his personnel are consistently producing timely requirements for collection of intelligence on foreign exchange matters and facilities, and the DD/P should reemphasize to field representatives the necessity for meeting such requirements.

31. Appropriate action should be taken on conclusions and recommendations in the discussion section of this report concerning fiscal management procedures and administration of the Office of Comptroller.

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IV. DISCUSSION

A. The Comptrollership

1. The long-delayed establishment of the Office of the Comptroller on 1 December 1950 occurred concurrently with a rapid expansion of the Agency's activities. Annual obligations increased from about [REDACTED] in FY-1950 to [REDACTED] in FY-1951 and reached an all-time high of [REDACTED] in FY-1952. In FY-1953 and FY-1954 obligations decreased to [REDACTED] and [REDACTED] respectively.

2. The increased volume of disbursements and the new types of projects and programs undertaken required the development of new principles and techniques for financial support and control. The Office of the Comptroller was thus faced with (a) meeting the day-to-day requirements of an expanding program; (b) installing new mechanized accounting systems; (c) broadening the scope and improving the techniques employed in budgetary and monetary activities; (d) establishing a program of contract audits, and site audits and inspections; (e) recruiting and training staffs of finance officers to accomplish these tasks at field and Headquarters installations. The Office of the Comptroller is continuing to respond to Agency requirements and demands and is developing into a practical functional organization.

3. The Comptroller is responsible to the Deputy Director for Administration. In his immediate office the Comptroller has a Deputy, an Assistant Comptroller, a Records Management Officer, and five administrative and clerical assistants. There are two staffs and four functional divisions. The staffs are: Technical Accounting and Program Analysis. The divisions are: Budget, Fiscal, Finance, and Machine Records. These will be discussed individually in the section dealing with the Office of the Comptroller. The on-duty strength of the Office of the Comptroller as of 31 August was [REDACTED], of which [REDACTED] are professional employees and [REDACTED] are clerical. The direct cost of operating the Office of the Comptroller during FY-1954 was about [REDACTED] and will be essentially the same in FY-1955.

4. Agency Regulation 1-140, paragraphs 12 and 13 (See Attachment A), issued with the concurrence of the Comptroller, states that he "is in charge of all budgetary and financial operations of the Agency; is responsible for program and financial analysis; and will provide machine records service." The functions of the Comptroller listed in paragraph 13 can be grouped into two general categories:

a. Providing fiscal and machine records services to other Agency components, and establishing and operating central accounting and fiscal records.

b. Assisting top management in controlling activities and formulating policies, by means of: (1) developing and recommending fiscal policies, procedures, and techniques necessary for the proper conduct of

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Agency activities; (2) supervising all Agency financial activities for compliance with Agency policies and procedures; and (3) maintaining program and financial analysis.

5. The statement of the mission and functions of the Comptroller in Regulation 1-140 lacks clarity and specificity and should be revised to delineate carefully and clearly his operating and staff responsibilities.

6. In general, the Office of the Comptroller is performing its operating functions (See paragraph 4a., above) capably and should be commended for the continuing progress in carrying out these responsibilities more efficiently.

7. The staff functions (see paragraph 4b., above) of the Comptroller are a critical phase of Agency fiscal management. The Agency has unusual power and authority in the utilization of confidential funds. It is axiomatic that "power tends to corrupt," and, therefore, a strong and aggressive Comptrollership, consistent with the inherent nature of the Agency's activities, is mandatory.

8. The establishment of a strong comptrollership is being retarded by a number of factors: (a) senior officials have not exercised sufficiently determined leadership in developing sound fiscal management; (b) too often supervisors have not enforced the clear-cut responsibilities for expenditures set forth in Agency regulations; (c) operating components have neither fully accepted nor effectively used fiscal management as an integral part of their machinery for controlling and directing their activities; (d) a sizeable portion of the funds expended for clandestine activities has been exempted from adequate control; and (e) the Office of the Comptroller has not been sufficiently aggressive in recommending policies and procedures for better control of funds and in initiating effective action to expose and correct situations where fiscal management is inadequate.

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B. Budget Administration

1. Introduction

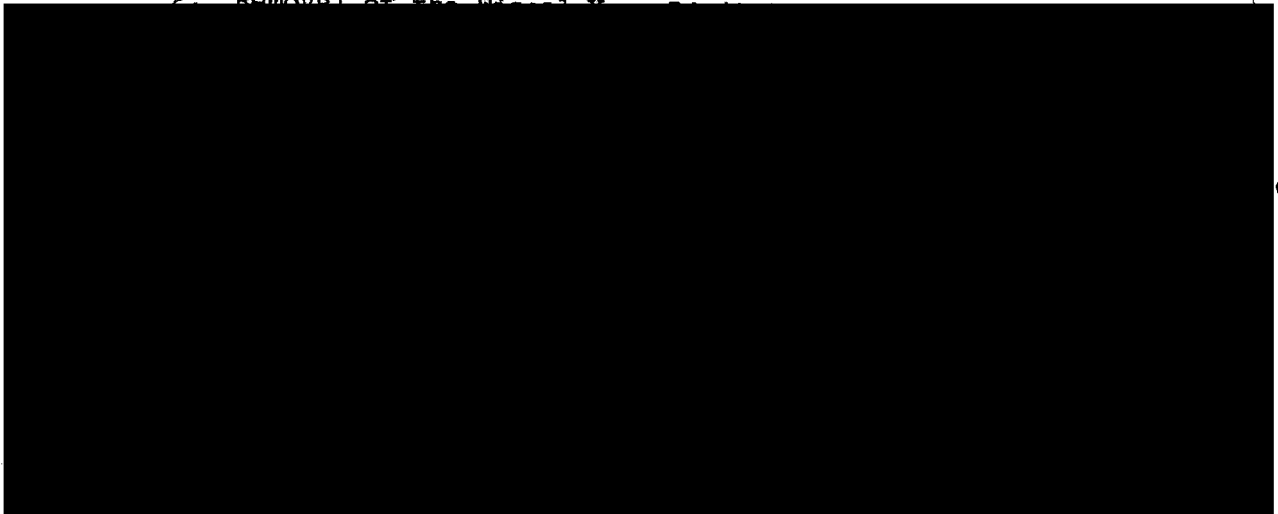
a. The term "budget" as used in business management has been defined as "a summary in financial terms of the standards of performance... of the business," and as "a coordinated plan for the operation of the business, expressed in financial terms" to serve as a basis of control over a company's activities. Thus, Agency budgeting should be evaluated on the dual basis of the quality of budget estimates and the extent to which the budget is used for controlling the expenditure of funds.

b. Appraisal of Agency budgeting is handicapped by the almost complete lack of adequate regulations concerning budget formulation and execution. The development of Agency budgeting has been retarded by the continuing ease with which the Agency has been able to obtain funds; the resulting feeling of affluence; and non-recognition by senior officials of the value of the budget as a management tool for control of activities. However, strides have been made in program budgeting; the value of budgeting has gained wider understanding; and improved statistical analyses for budget review have been developed.

c. Further improvement is necessary and will not be attained until: (1) a budget manual is produced, codifying budget policies, methods, and procedures; (2) greater integration of budgeting, planning, and programming is effected; (3) a Director's Budget Advisory Committee is established to ensure critical substantive and operational review of budget estimates; and (4) a tighter system of budget execution is established.

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2. Removal of the Fiscal Year



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3. Budget Manual

a. Sound budget administration requires that policies and procedures for budget formulation and execution should be reduced to standard instructions in the form of a budget manual.

b. The Agency does not have a budget manual. Regulations 80-1 through 80-5 outline budget preparation and execution. The Chief, Budget Division, states that Regulation 80-1 is out of date. More specific information concerning formulation and review of annual and operating budgets is contained in the yearly budget notices.

c. The "80" series regulations and the annual budget notices fail to fulfill the need for a budget manual. Specific deficiencies are as follows:

(1) There is no policy statement of the purpose of budgeting or of the accuracy expected.

(2) There is no statement of the responsibility and authority, if any, of the DD/A, the DD/I, and the DD/P with respect to review and approval of the budgets of their offices and divisions.

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(3) The current annual notice (Notice 35-200-3, 7 May 1954) does not contain an explicit statement of the procedure to be followed for approval of FY 1955 operating budget.

(4) The extent to which budgets are to be followed in obligating and expending funds is not stated clearly.

(5) There is no statement of the need, extent, or method of integrating budgeting, planning, and program and project approval.

(6) The specific responsibilities and authority of the Comptroller in review of budget estimates and submission of recommendations to the Director are not explicitly stated.

(7) There is no statement of policy or procedure to be followed by Agency components in requesting funds from the contingency reserve.

(8) There is no indication of the right or method for appealing a recommendation of the Comptroller.

(9) The procedure actually followed for review and approval of budget estimates is not spelled out.

d. In view of the foregoing deficiencies, there is dire need for an Agency budget manual. The Chief, Budget Division, believes that it is wiser to prescribe yearly budget procedures by notice rather than by a budget manual in the form of a regulation until program or performance budgeting has advanced beyond its present evolutionary stages. This is not a valid reason for failing to produce a budget manual inasmuch as many important phases of budgeting need not necessarily change with conversion from the traditional object class budget to the performance type budget.

e. The annual Management Improvement Report of the Budget Division, 30 July 1954, states that the issuance of a complete budget manual is one of the specific items to be accomplished in the current fiscal year. There is no excuse for further delay, therefore, and the Comptroller should prepare a budget manual as a matter of priority.

4. Quality of CIA's Budget Estimates

a. Because of the Director's personal responsibility for proper utilization of Confidential Funds, he has a moral obligation to the President and the Congress to exercise greater care than would be required of most government agencies to ensure that the Agency's budget estimates are of the highest feasible quality.

b. Appropriated funds, excluding the contingency reserve, usually have been well in excess of the Agency's needs as reflected by funds actually obligated. Some of this surplus is explained by unforeseen and uncontrolled

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circumstances which have delayed operations and prevented the obligation of funds during the fiscal year for which they were appropriated. Nevertheless, the magnitude of the yearly surpluses indicates that the Agency's budget estimates have not been as accurate as they could be. It has been stated that the DD/P area has been too prone to "pick figures out of the air" instead of endeavoring to prepare careful estimates based on past costs of comparable activities.

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c. Budget estimates will be no better than the quality of Agency planning and programming. For example, the Fiscal Officer, Far East Division,

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d. The major budgeting problem is coordination of planning and programming with budget formulation and execution. Such coordination can be achieved only as senior officials recognize the need and value. The first step toward coordination was taken in initiating program or performance type budgeting at the request of the Bureau of the Budget about two years ago. Progress has been made in establishing major classifications of functions and activities upon which to base the budget. Efforts are being made to determine proper sub-classifications below the major classes and to improve distribution of indirect costs. A difficult and as yet unsolved phase of integrating programming and budgeting is that of converting planned activities into the magnitudes permitted by the budget. A regularized method of making these conversions has not as yet been fully developed, particularly for the DD/P area.

e. The Bureau of the Budget desires the Agency to make faster progress in program budgeting. To meet this requirement and at the same time improve the quality of budget estimates, Agency planning and programming, including program and project approval, should be surveyed to determine their adequacy for budgeting purposes, and a detailed program should be formulated for achieving coordination of budgeting, planning, and programming. Responsibility for the survey and program should be assigned to the Director's Budget Advisory Committee, which is discussed in paragraph h. below.

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g. Review and approval of Agency budget estimates are not necessarily accompanied by a critical appraisal of the continuing worth of all functions and activities. There is opportunity for activities of long standing to avoid being thoroughly appraised annually. The Comptroller is not in a position to assess the value or need for an activity, although he can contribute materially to budget review by presenting and interpreting statistical and fiscal data. In addition, the Comptroller often receives insufficient information for critical review because of alleged or actual sensitivity of projects, and, therefore, has stated that he is unable to challenge DD/P budget requests for such projects.

h. In order to correct the shortcomings of present budget review, a Director's Budget Advisory Committee should be established and charged with reviewing all budget estimates and submitting recommendations to the Director for their approval or revision.^{2/} The committee should be under the chairmanship of the Deputy Director and composed of the DD/A, the DD/I, the DD/P, the Special Assistant to the Director for Planning, and the Comptroller as Secretary and Advisor. Formal hearings should be held with Agency components and the committee should be present when the Director reviews its recommendations. The committee should also be responsible for reviewing proposed major changes in approved budget programs, and the Comptroller should be authorized to approve minor changes. The Comptroller should be responsible for providing the statistical and financial data required for thorough review and for assessing the financial feasibility of the budget requests.

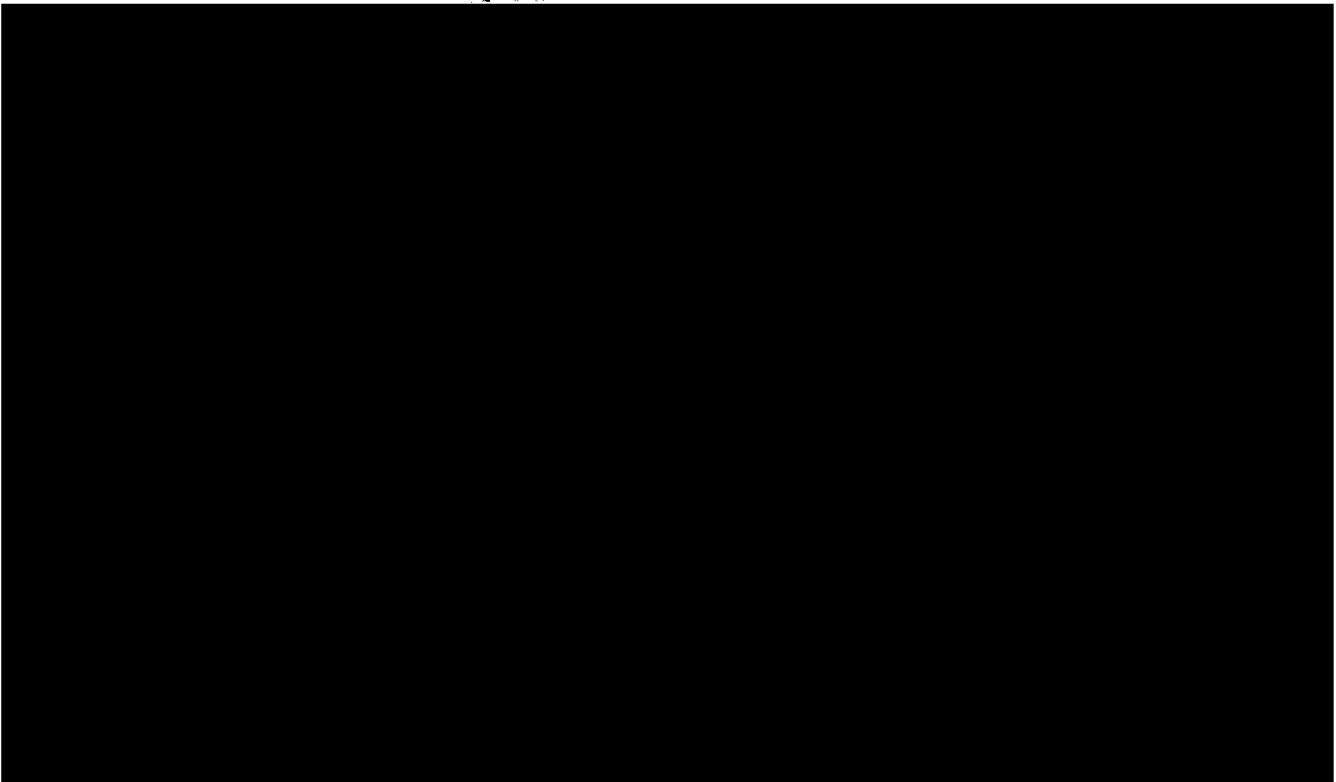
i. This survey reveals three specific deficiencies in the procedure for formulating and reviewing Agency budget estimates:

(1) The 1954 budget formulation notice provided only a seven-day interval between submission of FY-1955 operating budgets and FY-1956 preliminary estimates. Within this interval, it was impossible for Agency components to comply with the further requirement of the notice that FY-1956 preliminary estimates were to be based on approved FY-1955 operating budgets. The Comptroller should provide Agency components with adequate time to prepare meaningful budget estimates and should not impose unrealistic requirements.

(2) Current budget procedure, as evidenced by the 1954 budget notice, does not provide adequate guidance for preparing either annual or operating budget estimates with regards to Agency budget policy for a particular year. For both operating and annual budgets, the Comptroller should prepare policy guidance statements comparable to DD/I Notice 35-200-2 (See Attachment G.)

^{2/} The Project Review Committee is not suitable for budget review inasmuch as the Project Review Committee is under the chairmanship of the Special Assistant to the Director for Planning and Coordination. Budget review is a command responsibility and should take place in command channels. The Secretary of a budget review organization should be the Comptroller.

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5. Budget Execution or Control of Obligations and Expenditures

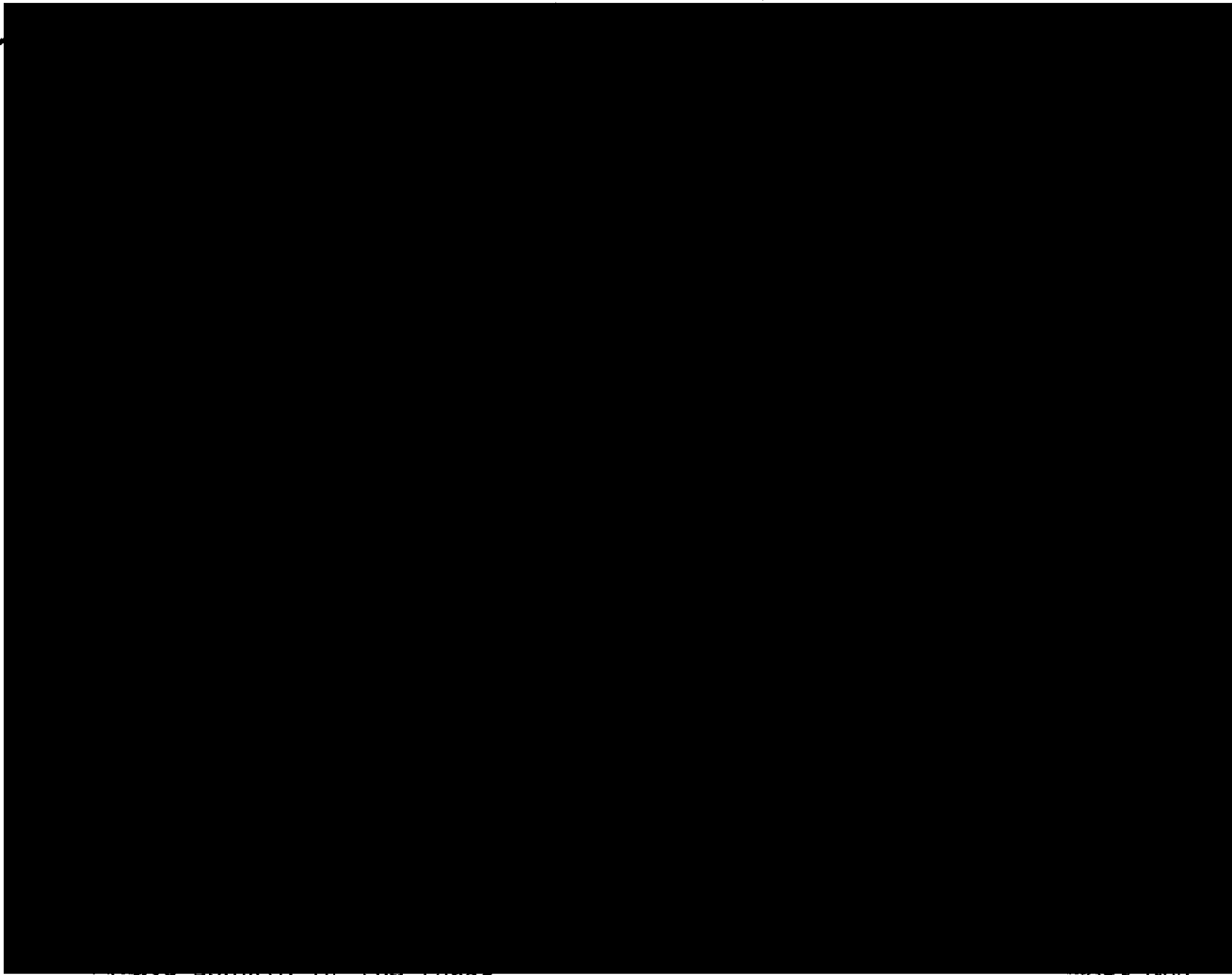
a. Statutory requirements concerning budget execution and control of obligations and expenditures are stated in Public Laws 759 and 784. Section 1211, Public Law 759, provides that the head of each agency shall establish a system of administrative control designed: (1) to restrict obligations and expenditures against each appropriation to the amount of the apportionments made for such appropriation and (2) to enable the head of each agency to fix responsibility for any obligation or expenditure in excess of an apportionment. Inasmuch as CIA receives only one apportionment, this requirement is limited legally to ensuring that the Agency does not over-obligate the total funds available. However, the Director is under a moral obligation to the Congress to ensure that the funds are used only for the general purposes for which appropriated. In addition, specific restrictions are sometimes imposed by the Bureau of the Budget, usually in releases of the contingency reserve.

b. Public Law 784, Section 113(a) (Budget and Accounting Procedure Act of 1950), requires the head of each agency to establish and maintain systems of accounting and internal control designed to provide: (1) full disclosure of the financial results of the Agency's activities; (2) adequate financial information needed for the Agency's management purposes; (3) effective control and accountability for all funds, property, and other assets; and (4) reliable accounting results for preparing and supporting the Agency's budget requests and for controlling the execution of its budget.

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f. The scope of each function and/or activity in the operating budgets and of the corresponding allotments is such that there is opportunity for misuse of funds within the allotments. Not infrequently both the Project Review Committee and the Director have indicated, in approving a major project, limitations in expending funds for certain activities encompassed by the project. While Administrative Plans and Project Outlines provide guidance in this respect, they have not been integrated into the funds control system, and there does not appear to be a regulation stating the extent to which the provisions of these documents are to be considered as budgetary controls.



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5. Field Participation in Budget Formulation

a. In general, there has been little effective field participation in budget formulation. Even during the current era of budget limitations field installations have not been required to prepare detailed budgets with justification for their needs. The extent of field participation as directed by Headquarters has varied among the various Area Divisions, and in general, has been limited to providing supporting data. Almost universally, the finance officers contacted in the field complained that, when Headquarters requested preparation of budget data, insufficient time was allowed to perform the task.

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6. Allotment, Obligation and Expenditure Control in the Field

a. During FY 1954, the Agency installed a world-wide allotment control procedure which became fully operative as of 1 July 1954. Prior thereto, there was, at the most, only partial allotment control in the field, and essentially funds were expended subject only to operations controls. The new allotment control procedure is a forward step and was enthusiastically supported by all finance officers contacted in the field, in spite of the increased workload.

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c. The legal control under the new allotment control procedure is to ensure that funds are obligated and expended only in conformity with the allotments. Nevertheless, there remain serious weaknesses in control of expenditures in the field.

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F. Career Service for Budget-Finance ("BF") Personnel

1. The Office of the Comptroller Career Service Board was established in August 1952 and is responsible for all personnel having a budget-finance (BF) career service designation and for all other personnel working in the Office of the Comptroller. This Board is the final authority in recommending to the Comptroller rotation, training, promotion, advancement, and assignment of BF personnel.

2. The Board has five members. The Comptroller is ex-officio chairman although during the last fiscal year he almost never attended the meetings. The other members are the Deputy Comptroller, who is alternate chairman, and the chiefs of the four divisions. The secretary of the Board is the Administrative Assistant to the Comptroller. Meetings are held periodically on call of the Chairman or alternate Chairman. Three members constitute a quorum.

3. The Board spends a large part of its time considering promotions in all grades and making short range plans for rotation assignments. In fact, career planning has not developed beyond the point of the rotation and reassignment of personnel at Headquarters and going to and returning from the field. The Comptroller's Career Service Board does little more than review and confirm the rotation recommendations made by the various Divisions. A spot check of Personnel Evaluation Reports (PER's) revealed few recommendations for either training or long range career planning. Individual PER's are seldom reviewed by the Board as a whole. A card file on all BF personnel is kept in the Office of the Comptroller and contains information on academic background, work record, and personnel actions, but no entries on career planning.

4. Personnel in the Office of the Comptroller, as well as finance officials overseas, show little knowledge of the career program or how the Comptroller's Career Service Board provides for their development. In fact, there appears to be little understanding of the Career Service Program and this survey revealed considerable concern that the program might even jeopardize the career of at least some of the personnel who had expressed an unwillingness to serve overseas.

5. The following corrective action should be taken:

a. At least quarterly, the Comptroller should disseminate a report on the achievements of his Career Service Board to all BF personnel at Headquarters and in the field.

b. The Comptroller's Career Service Board should develop a long range and flexible career plan to meet the capabilities of BF career personnel.

6. Personnel with BF designations are necessarily technical specialists and in the normal course of their duties have little opportunity to become familiar with the operational and substantive activities of the Agency. At the same time, such familiarity will assist them in performing their technical functions more effectively, and therefore, the Comptroller should make a strong effort to have as many BF personnel take the various Agency courses on intelligence and operations as possible.

7. A special problem in career service planning is presented by machine records technicians:

a. In the Machine Records Division of the Comptroller's Office there has been little career planning although there is an active awareness of the desirability of providing training for the personnel. This is accomplished mainly by giving the technicians diversified experience in the use and application of the various machine processes.

b. During the past year and a half two machine records units were established abroad; one was a communications unit in [REDACTED] and the other a general administrative support unit in the Far East. In each case, the Machine Records Division (then a part of General Services) handled all the requirements, including building specifications, machine layout, table of organization, supplies, and personnel recruitment and training. The Machine Records Division regarded these cases as one-time assignments and until the announcement of the new Career Program the Comptroller's Office assumed no career responsibility for these units. Technicians in these units have now been assigned BF designations even though they are not qualified for normal finance duties.

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c. There are ten separate machine records units in the Agency, each under a separate career board. It may be advantageous to treat all machine records technicians as a group and place them in one Agency career board. The Management Staff in the DD/A should be required to produce a study on the machine records activity in the Agency and recommend action to be taken.

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V. OFFICE OF THE COMPTROLLER

A. Budget Division

1. Budget Division is responsible for: (a) developing and administering the Agency budgetary program; (b) preparing the Agency's annual budget estimates; (c) controlling and allotting all funds and assisting organizational components in programming their requirements; (d) providing budgetary and statistical data for the Bureau of the Budget; and (e) maintaining working level liaison with the Bureau of the Budget and other agencies and departments.

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2. The Budget Division is authorized [] individuals and has [] on duty. A survey should be made to determine the specific needs for additional personnel for establishment of budgets for proprietary and subsidy activities and for making comparative analyses of budgets with actual performance. (see paragraphs IV.B.4 and 5 above)

3. The Chief, Budget Division, deserves credit for the progress made in Agency budgeting over the past two years and is aware of the need for further progress. However, there is need for improvement in the organization and administration of the Division.

4. Officially, the Division is not organized into branches. In practice, however, it operates to some extent under a branch organization. For example, the "Budget Branch" handles DD/P matters and is located in the DD/P area. The operation and administration of the Budget Division would be improved by establishing a formal branch organization.

5. The Deputy Chief is concerned primarily with components outside the DD/P area and the Division Chief handles DD/P matters through the "Budget Branch." The Deputy Chief does not appear to have clear-cut delegation of authority to make decisions during the temporary absences of the Division Chief. Further, there are indications that decision-making authority had not been clearly delineated to the budget analysts handling Agency components outside the DD/P area.

6. The Division Chief prepares all personnel evaluation reports except those for members of the "Budget Branch." Consequently, there is a sizeable backlog of such reports. The bulk of this task should be delegated to the Deputy Chief or other supervisory personnel should be officially designated.

7. Almost all of the job descriptions were out of date, and most of the personnel had not seen a job description for some time, if at all. The job descriptions should be brought up to date and, if necessary, the classifications of the positions should be reviewed.

8. As pointed out by the Auditor-in-Chief, the Budget Division has been duplicating the activities and responsibilities of the Office of Personnel by keeping certain records on personnel strengths. Apparently, efforts have been going on for some time to resolve this problem with the Office of Personnel and the Security Office. The DD/A should be directed to ensure that the Office of Personnel maintains records which are adequate for budgeting purposes.

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B. Fiscal Division

1. Organization and Responsibilities

a. The Fiscal Division dates back to the end of the Office of Strategic Services. Following the formation of the Central Intelligence Group in January 1946 this Division was delegated responsibility of handling the working fund established for the Director of Central Intelligence.

b. At present Fiscal Division is responsible for planning, administering, and maintaining the accounting and audit control of all vouchered funds and the reporting of all vouchered and unvouchered funds appropriated or transferred to CIA and the National Security Council. The Division (1) maintains allotment accounting for all vouchered activities; (2) audits all vouchered funds expenditures; (3) prepares and audits payrolls for all vouchered personnel; (4) interprets the provisions of laws, regulations, and Agency policies relating to the accounting for and expenditure of vouchered funds; and (5) performs working liaison with the General Accounting Office, Treasury Department, and other departments and agencies on matters relating to the vouchered fiscal activities of the Agency.

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2. Administration

a. Because of the 41 percent turnover, the Division Chief has been delinquent in failing to request a Wage and Classification audit of all positions in the Division for more than two years. The complex functions presently performed in the Payroll and Claims Branches warrant a raise in the grades of the two Branch Chiefs. A classification audit should be requested immediately.

b. Despite the lack of promotional opportunity personnel generally are performing their tasks in a capable manner. The decisions and policies made by the Comptroller are disseminated to the divisional personnel.

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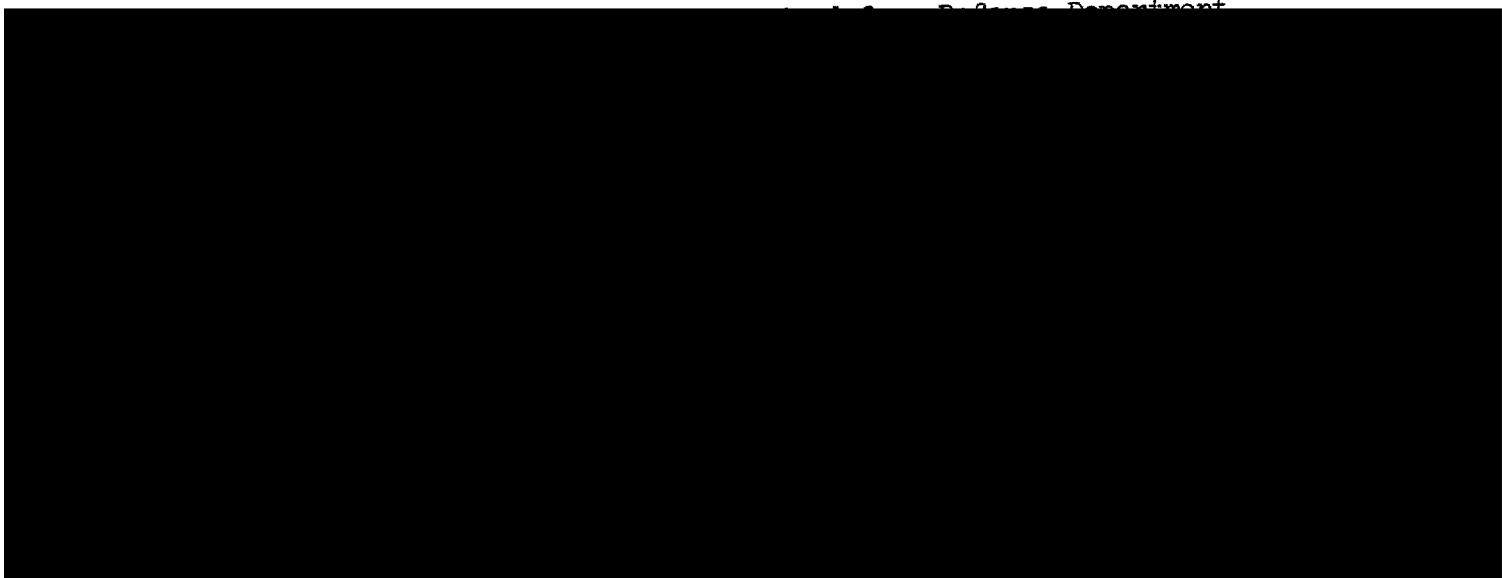
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by means of a weekly staff meeting. The personnel in the Division believe they are being properly guided and instructed on matters pertaining to the performance of their assignments.

c. There are no overlapping functions, the lines of command are clear, and the delegation of responsibility is a firm principle of the Division. A careful check is made on all of the components of the Division by means of a weekly report which contains mostly statistical data on the progress of work accomplished. Special problems are also enumerated and suggestions made for staff meeting considerations.

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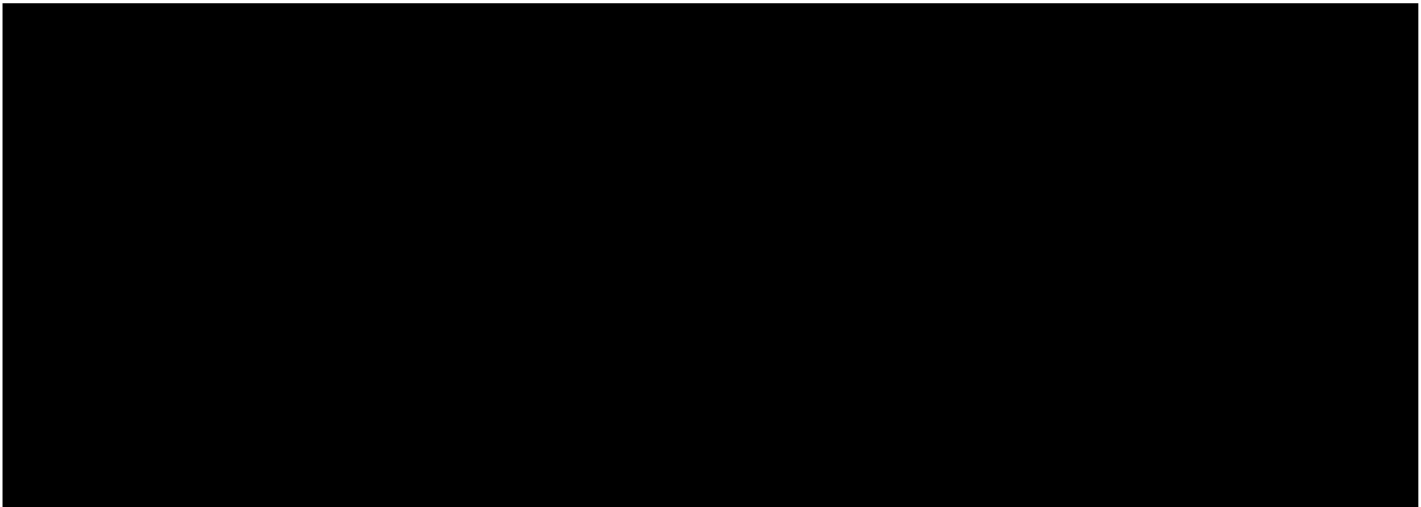
3. Activities and Problems



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(3) Each bill is carefully checked against the support supply documents. During FY 1954 painstaking checking in the Claims Branch resulted in a saving to the Agency of [REDACTED]

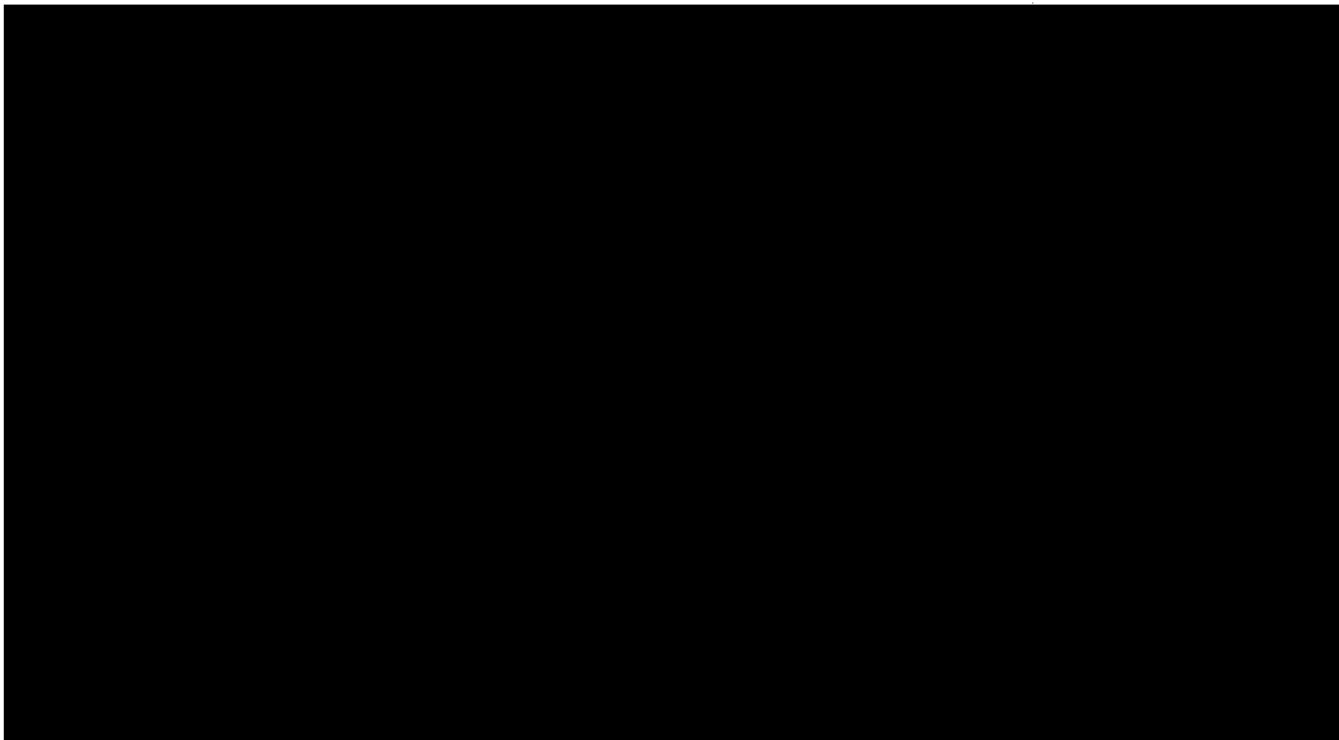
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C. Finance Division

1. Organization and Responsibilities

25X1A a. The Finance Division consists of the Chief, Deputy Chief, six branches, a registry, and a training pool. The branches are: (1) Accounts, (2) Operations and Liaison, (3) Payroll and Travel, (4) Proprietary Accounts, (5) Monetary, (6) Industrial Contract Audit. The total personnel strength of the Division is [REDACTED]. This is adequate to meet the present demands placed on the Finance Division in the handling of confidential funds with the exception of Proprietary Accounts Branch.

b. The existing organization has functional clarity and effective internal procedures governing the flow of the work have been developed. This Division is a service component performing disbursing and accounting functions. In addition it has the responsibility of insuring that expenditures meet the technical requirements of laws and Agency regulations, and serves as a policing component of the Comptroller with respect to expenditures of confidential funds.

c. The morale of employees in the Finance Division is high, which is a tribute to the excellent leadership and esprit de corps.

2. Accounts Branch


a. The Accounts Branch is responsible for maintaining the basic accounting records of Confidential Funds. Specifically, the Branch performs the following functions:

- (1) Devises and maintains financial records and accounts.
- (2) Prepares over-all periodic financial reports, balance sheets, and statements.
- (3) Prepares special financial reports for use by the various operating components of the Agency.
- (4) Assists Certifying and Liaison Officers in reviewing monthly reports from field stations and in the preparation of accounting instructions for the overseas stations.

b. There has been substantial progress in installing mechanized bookkeeping; in reorganizing the accounts structure to show Agency financial activities more effectively; and in the developing of an efficient accounting unit. A manual of General Ledger Accounts has been developed, published and put into use. This manual identifies all such accounts and also contains instructions and sample entries designed to eliminate errors in analyzing transactions and in preparing and posting vouchers.

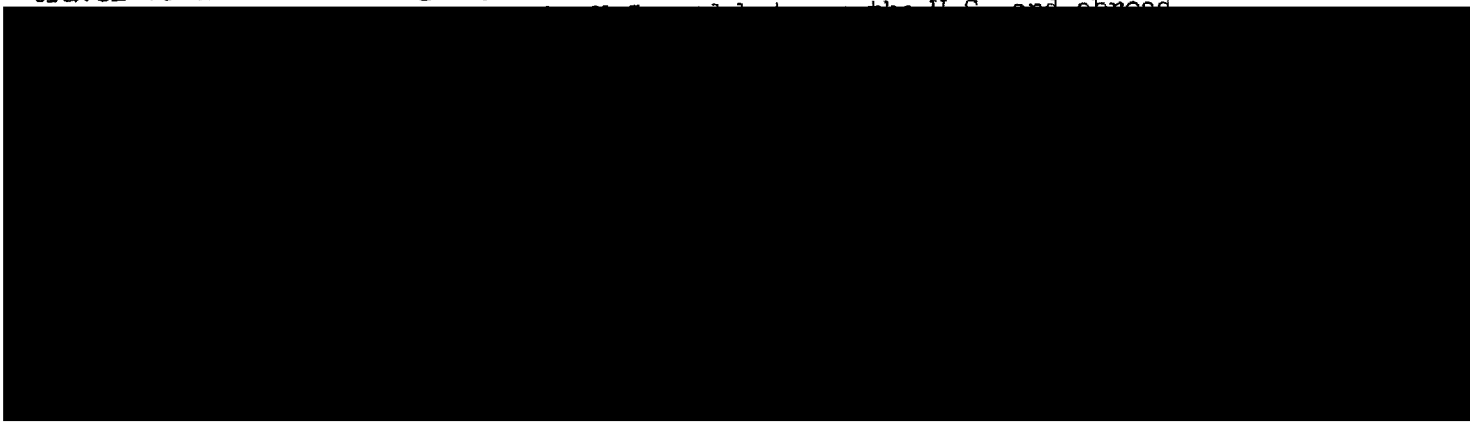
c. The Chief of the Accounts Branch is well qualified technically and an excellent supervisor. He is fully aware of the problems of his Branch and as time permits, he is improving the administration of the Accounts System.

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4. Payroll and Travel Branch

a. The Payroll and Travel Branch is responsible for processing travel vouchers of all Agency personnel, except contract agents, for travel ^{25X1A} ~~the U.S. and abroad~~

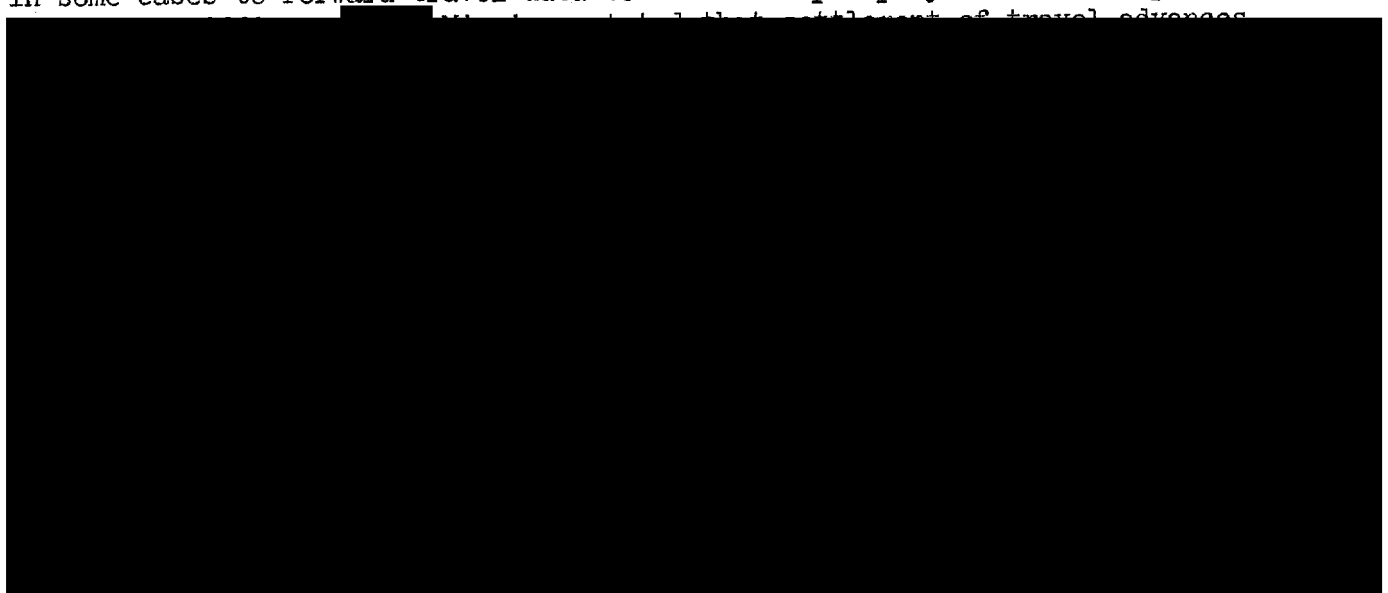


c. The work of the Payroll and Travel Branch is detailed, exacting, monotonous and time-consuming. The grades are low and the turnover of personnel is relatively high. Thus, the Branch usually has vacant positions, but the replacement and training time is excessive. Despite this handicap, the workload of the Branch is, in general, current. The classification of positions in the Branch may not be appropriate to the technical proficiencies required. Therefore, a classification review should be undertaken.

d. In the past transmittal of travel data sheets to field stations has been delayed and in turn settlement of travel advances has been retarded. Payroll and Travel Branch has made strenuous efforts to reduce this delay and states that, as a general rule, all travel vouchers are processed within two weeks of receipt of the necessary data from Central Processing. This data is usually available to Payroll and Travel Branch within two weeks after departure of the traveler.

25X1A e. This survey has revealed, however, the failure of Headquarters in some cases to forward travel data to the field promptly. As an example

25X1A ~~that settlement of travel advances~~



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g. The Payroll Section is well administered. It handles the pay accounts of nearly [REDACTED] employees. The procedures for person-

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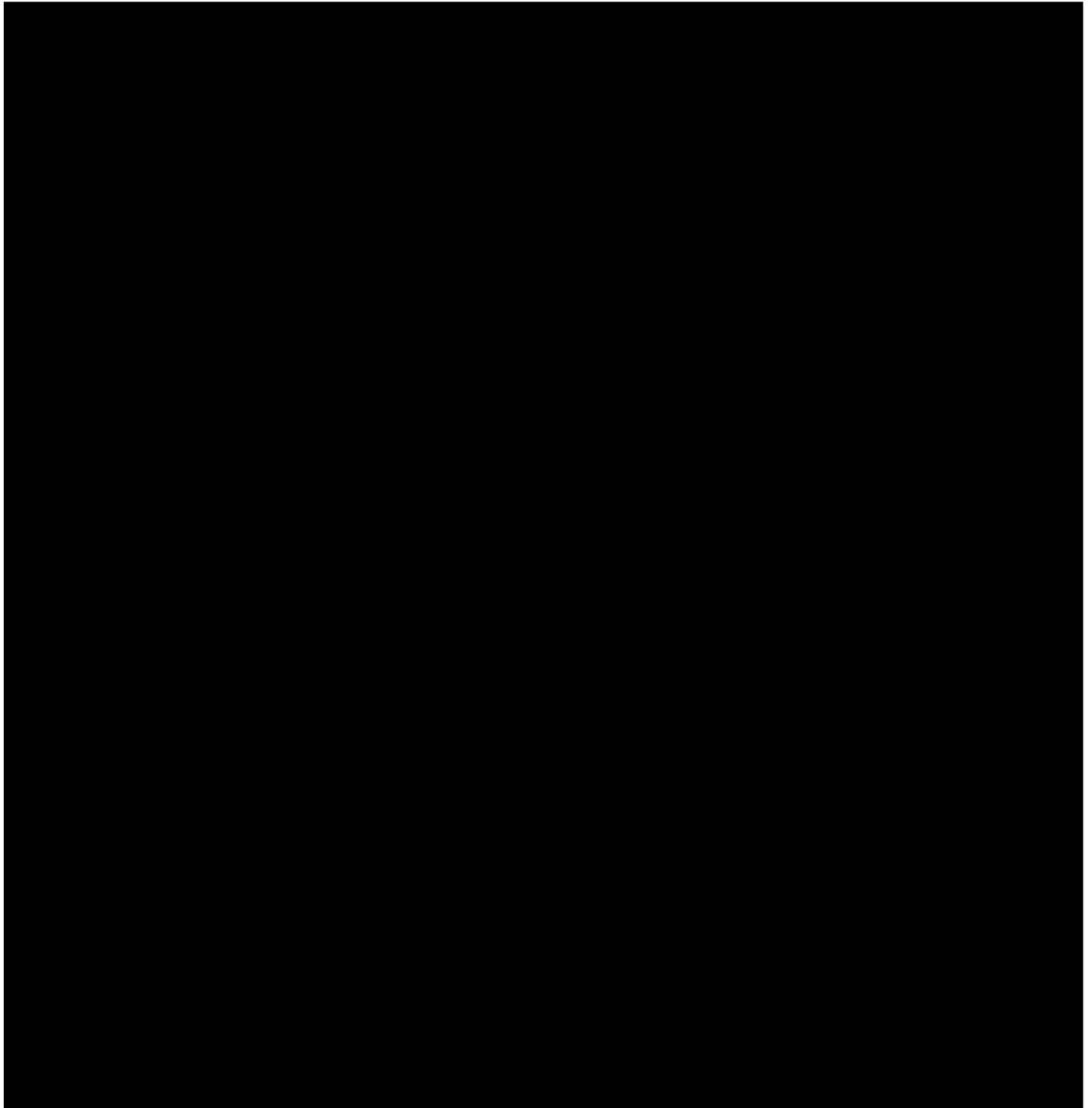
h. A major problem is overpayment of employees and the recovery thereof. These overpayments rise primarily from a lack of necessary timely data on factors affecting compensation of individuals going to and returning from foreign assignments. It is essential that continuing efforts be made to isolate the causes of these overpayments.

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5. Proprietary Accounts Branch

a. The Proprietary Accounts Branch has the following functions:

(1) Reviews the financial statements of proprietary, subsidy and special projects.



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e. The Comptroller is responsible for recommending to Agency officials policy, procedures, and corrective action to insure proper fiscal administration of proprietary and subsidy projects. However, the Comptroller has not exercised this responsibility in a determined and aggressive manner. A year ago a partial fulfillment of this responsibility was initiated by the preparation of a quarterly report on proprietary subsidy and special projects. These reports contain information indicating status of these projects with respect to deficiencies and delinquencies in accountings. While this report was designed for interested Agency officials it was not properly disseminated to those in a position to take prompt corrective action until after this survey had started.

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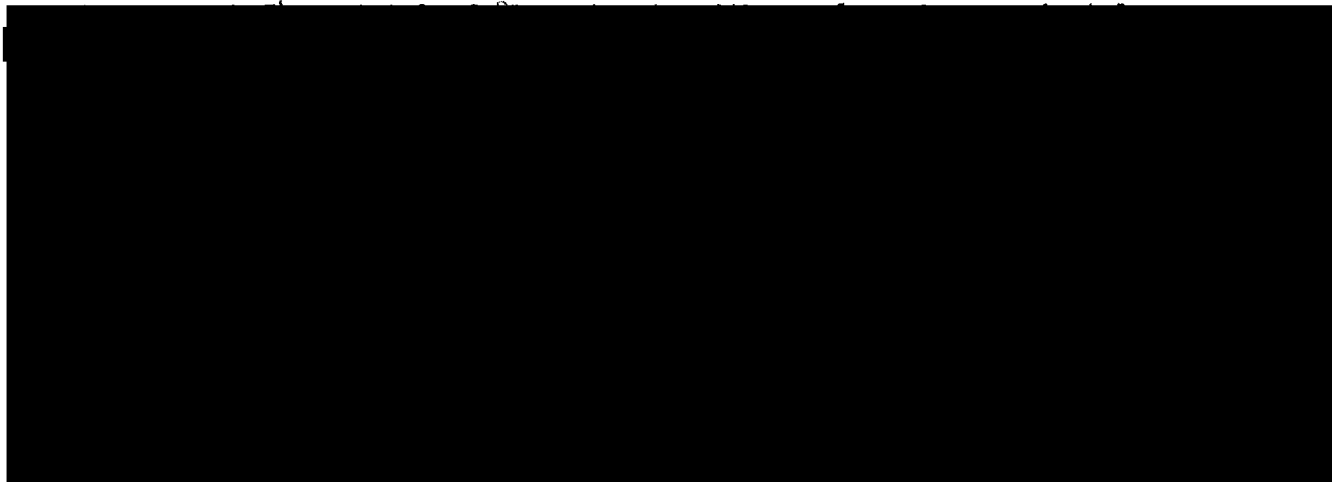
7. Industrial Contract Audit Branch

a. The Industrial Contract Audit Branch was organized in December 1950 at the time the Office of the Comptroller was created. The purpose was to place in this Office a component which would be principally responsible for conducting administrative audits (as distinguished from post audit by the Audit Office) of procurement contracts made between this Agency and private firms.

b. The Branch has the additional responsibilities of: (1) determining the financial reliability of companies with whom the Agency desired to place contracts; (2) resolving questions of accounting policy and method as they pertain to contract negotiations and settlement; (3) recommending changes and improvements in financial procedures pertaining to contract problems; (4) auditing confidential funds in the custody of the Finance Division.

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c. The Chief of the Branch is a GS-14. He has high standards of work performance and a sense of integrity appropriate to his responsibilities.



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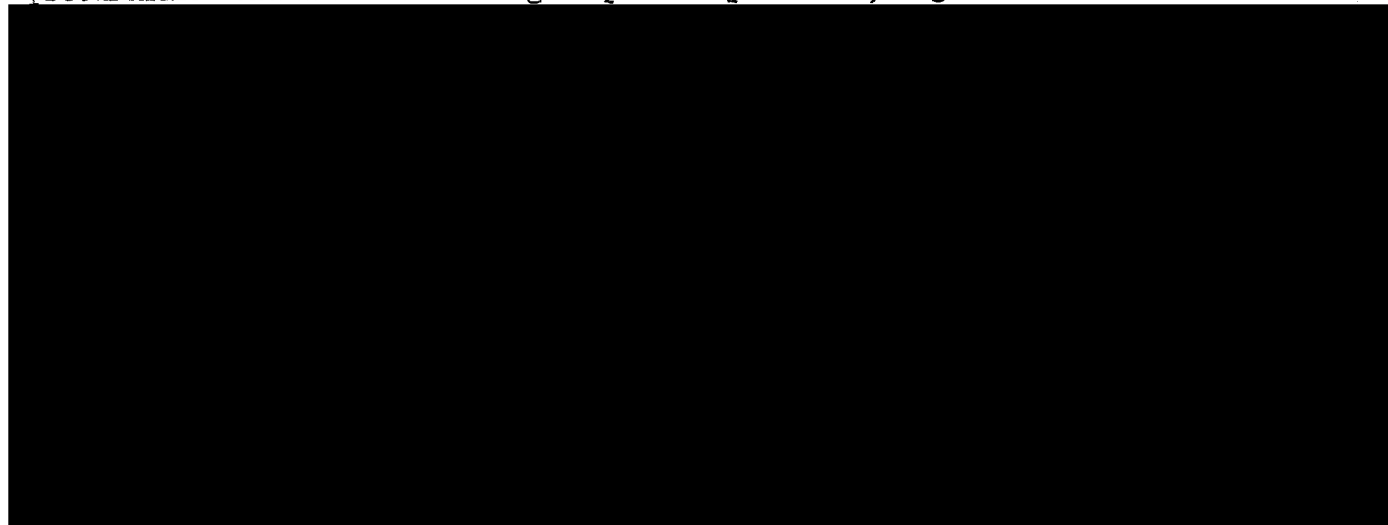
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e. There is need for clarification of the responsibilities of the Comptroller and the Office of Logistics with respect to review and audit of procurement contracts. According to present procedure, Logistics determines

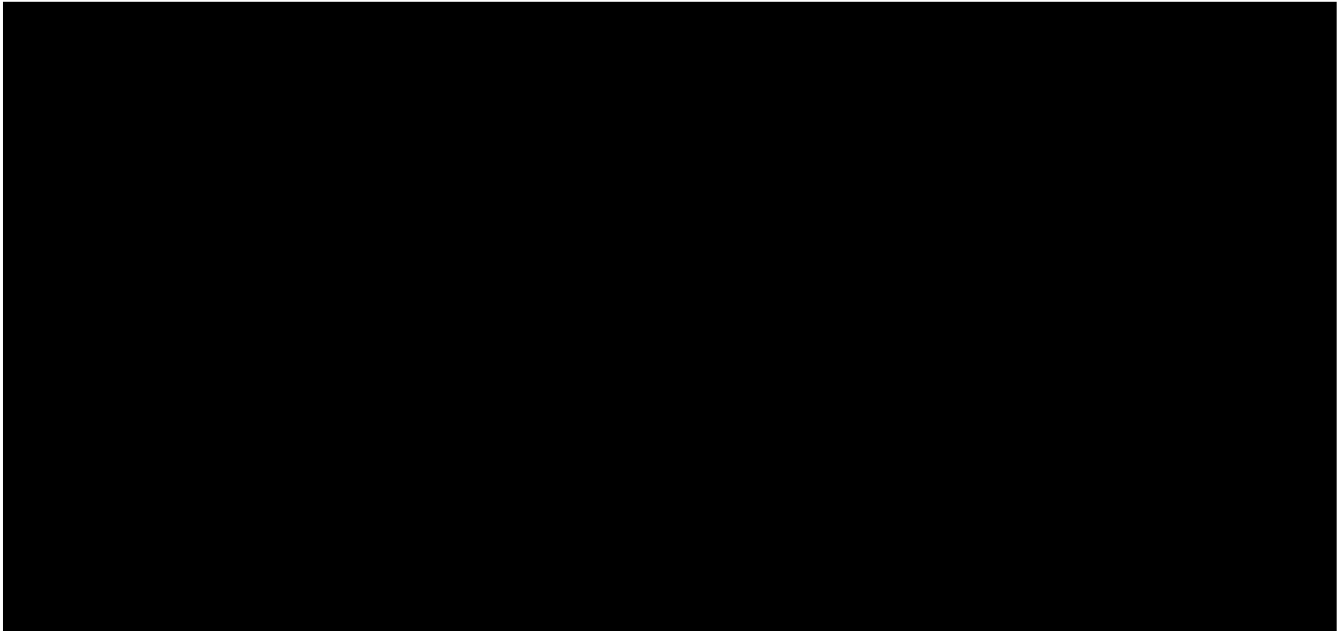


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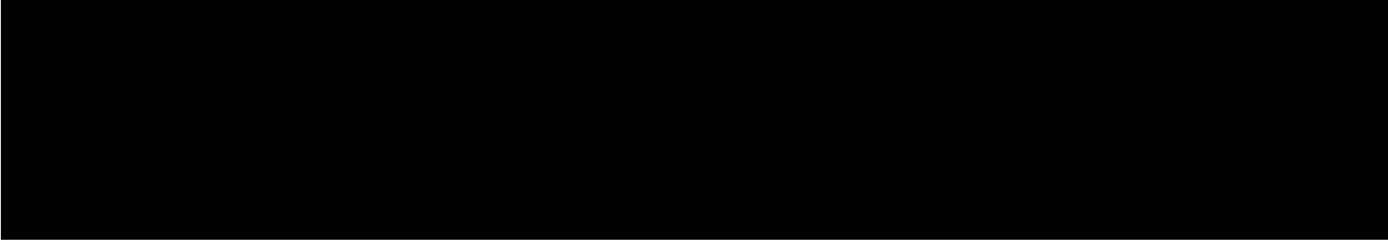


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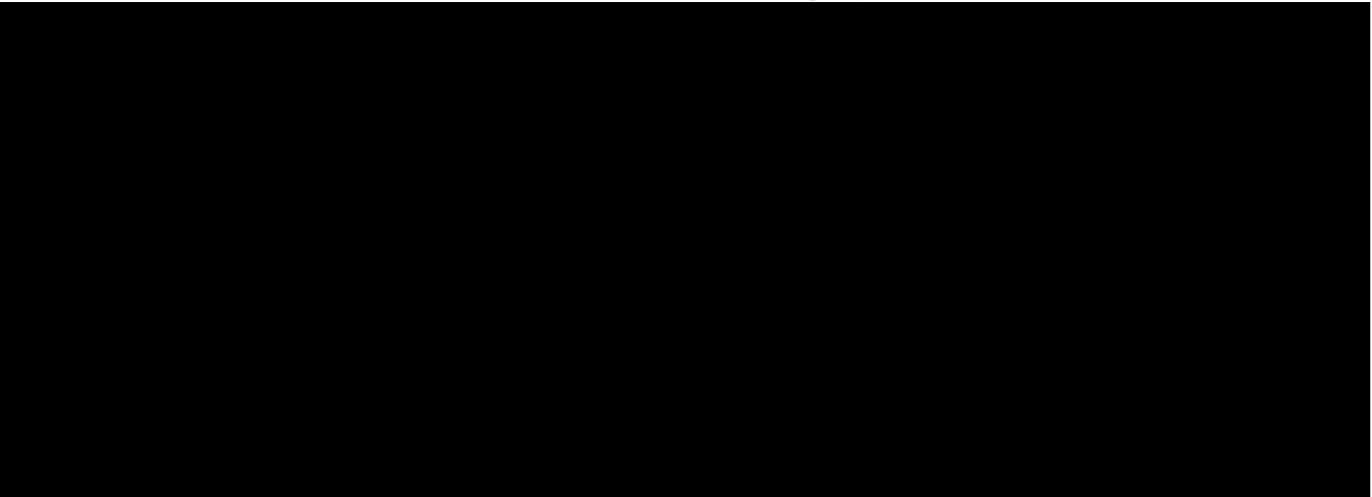
D. Machine Records Division

1. Organization and Responsibilities

25X1A a. The Machine Records Division develops and applies tabulating machine techniques and produces machine record reports for the Comptroller as well as other components of the Agency.



25X1A c. Work organization and supervision at all levels is excellent. All work assignments are planned and organized as projects. There are



2. Problems

a. A problem common to machine records units is the difficulty in obtaining accurate and timely information which causes errors and deficiencies in final tabulations. For example, the Machine Records Division has been unable to furnish complete current statistics from Personnel Information Card Files and from Position Control Files because of the failure to receive correct and current changes in personnel records. As a corrective measure, the Division conducts individual briefings, recommends changes in Position Control Files, and prepares and distributes illustrated instructions. Most errors in personnel records would be eliminated if all Agency components reported their personnel changes in strict compliance with CIA Regulation 20-800. (See Attachment F.)

b. The Division is capable of performing greater services to the Agency, leading to further economies and more effective management. To achieve this objective, continuous efforts must be made throughout the Agency to produce accurate raw data card files so that reports of maximum usefulness will be obtained.

c. There has been little coordinated career planning for Machine Records technicians in the Comptroller's Office. Such planning should be done in coordination with other machine records units in the Agency. See Section on Career Planning, page 40.

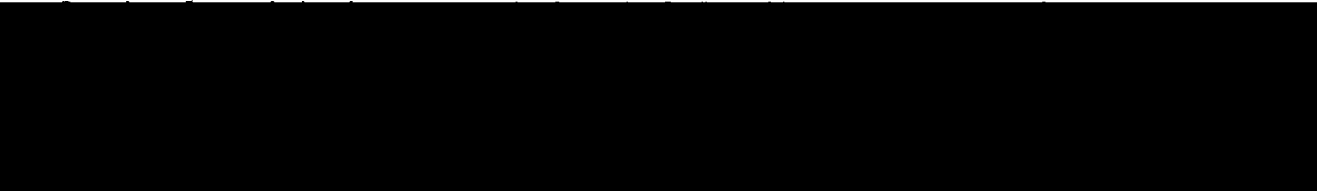
VI. THE STAFFS

A. The Technical Accounting Staff

1. The Technical Accounting Staff was organized in 1952 in order to handle the increasing staff work required of the Comptroller's Office. The work of the Staff includes: (a) production of accounting and fiscal procedural studies; (b) the preparation of fiscal manuals and regulations; (c) preparation of studies on methods of funding foreign stations and projects; (d) the formation of a program of work measurement and machine records utilization designed to develop standards of performance; and (e) the study of practical methods of decentralization of fiscal records to field offices.

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2. The Staff is composed of accountants of considerable maturity and technical experience. The Chief of the Staff is a GS-15. He has ten



3. The Staff's present projects include: (a) improvements in allotment control techniques; (b) installation of procedures for accounting and financial control over property; (c) installation of adequate accounting and reporting systems in special projects; (d) placement of competent comptroller-type personnel in the larger special projects; and (e) surveys of procedures in the Office of the Comptroller to effect improvements.

4. This Staff has made a distinctive contribution in establishing methods and standards in accounting, in cost analysis, and in the application of machine records procedures for control of Agency property. As a group of accountants, the Staff has applied the best governmental and commercial accounting techniques to many Agency problems. However, few, if any, of the members of this Staff have had operational training or extended field experience. In particular, they lack practical experience in financial support and management of clandestine operations. This deficiency limits the most effective use of the Staff in performing two major functions: (1) development of Agency Regulations containing the policies, criteria, and procedures governing the expenditure of Confidential Funds; and (2) participation in the preparation of Administrative Plans for subsidy, proprietary and other projects which require knowledge of operational techniques and field experience.

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B. Program Analysis Staff

25X1A 1. The Comptroller is charged by CIA Regulation 1-140 with the responsibility to "develop and maintain effective program and financial analysis and prepare and distribute appropriately analytical reports and statements." The Program Analysis Staff is responsible for carrying out this responsibility. At present, the Staff is authorized [REDACTED] The professional personnel are accountants

2. The Office of the Comptroller is not qualified to evaluate the substantive or operational value of Agency programs. Therefore, the foregoing provision of Regulation 1-140 should be revised by substituting "statistical" for "program", in order to indicate clearly that the responsibility of the Comptroller is limited to statistical and financial analyses of the Agency's activities.

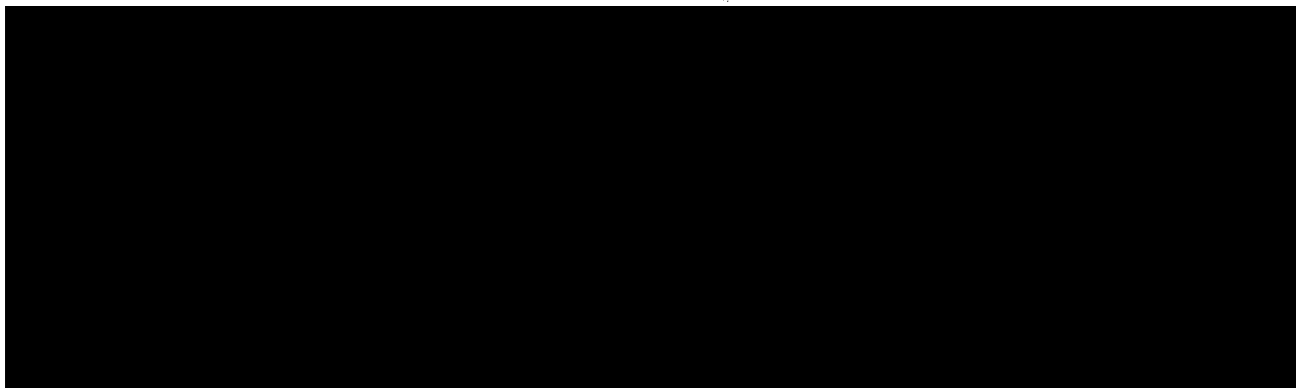
3. A statement prepared by the Program Analysis Staff lists 31 functions (See Attachment H). Most of these functions are beyond the capabilities of the Program Analysis Staff. In fact, the activities of the Staff have been limited to preparing: (a) an annual Agency financial statement and a summary thereof; (b) a quarterly Agency financial statement; (c) a monthly compilation of fiscal data for the DD/A; (d) a monthly report on obligations and expenditures which is required by the Bureau of the Budget; (e) financial analyses of a number of terminated projects and of one active project.

4. At the same time, a number of obstacles have confronted the Staff. Until March 1953, the only individual on duty was the Chief of the Staff. Its routine reports have consumed about 45 percent of its man-hours, against an ultimate objective of 10 percent. Much time has been spent searching for historical data to develop the annual financial statement. Additional junior personnel are needed to handle detailed research. Considerable effort has been expended in establishing simplified methods of obtaining data and in standardizing the format and content of the annual and quarterly financial statements.

5. Throughout the Office of the Comptroller there has been insufficient utilization of statistical and financial program analysis as a means of drawing the attention of senior officials to improper fiscal management. For example, regular reports have not been submitted to senior officials summarizing delinquencies in advance accounts. The Comptroller should be directed to expand statistical and financial analysis within his Office in order to provide senior officials with succinct reports indicating the extent of efficiency and economy in utilization of Agency funds.

6. At the field stations visited during this survey, there was little, if any, statistical and financial program analysis. The Auditor-in-Chief encountered the same situation during his visit to

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7. This survey has not included a determination of the extent of program analysis throughout the Agency. However, there is evidence that its full potential is not being exploited, particularly with respect to the integration of statistical and financial analyses with substantive and operational analyses of the Agency's activities. It is believed that such integration is essential to the effective utilization of Agency funds. Therefore, the Director should establish a committee composed of representatives of the DD/A, DD/I and DD/P and chaired by the Special Assistant to the Director for Planning to submit recommendations for maximum profitable utilization of program analysis throughout the Agency, including particularly the integration of statistical and financial analyses with substantive and operational analyses of the Agency's activities.